

**Introduced by Senator Escutia**  
**(Principal coauthor: Senator Alquist)**

February 17, 2005

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~~An act relating to health care coverage.~~ *An act to amend Section 49557.2 of the Education Code, to amend Section 123290 of the Health and Safety Code, to amend Sections 12693.98 and 12693.981 of, to add Sections 12693.22, 12693.444, 12693.445, 12693.701, 12693.702, 12693.703, and 12693.983 to, and to add Chapter 17 (commencing with Section 12693.99) to Part 6.2 of Division 3 of, the Insurance Code, and to amend Sections 14005.23, 14005.41, and 18925 of, and to add Sections 14005.71 and 14011.65 to, the Welfare and Institutions Code, relating to health care coverage.*

LEGISLATIVE COUNSEL'S DIGEST

SB 437, as amended, Escutia. California for Healthy Kids Program.

*(1) Existing law establishes various public programs to provide health care coverage to eligible children, including the Medi-Cal program administered by the State Department of Health Services and county welfare agencies, and the Healthy Families Program administered by the Managed Risk Medical Insurance Board. Children through 18 years of age are eligible for health care coverage under these programs if they meet certain household income and other requirements. Existing law authorizes information sharing with respect to children eligible for free school lunches in order to facilitate their enrollment in the health care programs.*

*This bill would create the California Healthy Kids Program, which would consist of the portion of the Medi-Cal program that provides health care coverage to children and the Healthy Families Program. The bill would require the California Healthy Kids Program be*

*operated by the State Department of Health Services and the Managed Risk Medical Insurance Board in a streamlined manner, with eligible children to be enrolled in one program or the other, as appropriate. The bill would accelerate the process for making eligibility determinations for the California Healthy Kids Program by authorizing the administering agencies to rely on eligibility determinations made by other public assistance programs, including reduced price school lunch programs, the California Special Supplemental Food Program for Women, Infants, and Children (WIC), and the Food Stamps Program. The bill would authorize applicants for the California Healthy Kids Program to self-certify their family income and other eligibility factors, and would provide for the administering agency to request documentation and verify information only to the extent necessary to determine eligibility and as required by federal law. The bill would expand eligibility for the Healthy Families Program and the Healthy Families Program element of the California Healthy Kids Program by allowing children with family incomes up to 300% of the federal poverty level to qualify and by otherwise liberalizing enrollment requirements. The bill would create the California Healthy Kids Expert Panel to advise the administering agencies on various matters. The bill would require the administering agencies to award local enrollment investment grants from available funds to local and regional children's health initiative activities designed to increase and retain the enrollment of children in health care coverage. The bill would require the Secretary of the Health and Human Services Agency to coordinate local children's health insurance programs with certain state and federally funded programs. The bill would make various related modifications to the Medi-Cal and Healthy Families programs. The bill would enact related provisions and state the intent of the Legislature to enact certain other provisions. Because the modifications to the Medi-Cal program would impose certain duties on counties relative to administration of that program, the bill would impose a state-mandated local program.*

*(2) Existing law creates the Healthy Families Fund, and provides that money in the fund is continuously appropriated for purposes of the Healthy Families Program.*

*This bill would provide that the Managed Risk Medical Insurance Board may implement this act, including the expansion of the Healthy*

*Families Program, only to the extent that funds are appropriated for the purposes of the act in the annual Budget Act or in another statute.*

*(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.*

~~Existing law creates various public programs to provide health care coverage to eligible children meeting certain household income requirements, including the Healthy Families Program administered by the Managed Risk Medical Insurance Board.~~

~~This bill would state the Legislature's intent to create the California for Healthy Kids Program to provide children living in California from birth to 21 years of age access to affordable health insurance coverage.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

- 1     ~~SECTION 1. The Legislature finds and declares as follows:~~
- 2     ~~SECTION 1. The Legislature finds and declares all of the~~
- 3     ~~following:~~
- 4     ~~(a) Health insurance is a critical investment in the health of~~
- 5     ~~California's children, since:~~
- 6     ~~(1) Children with health insurance are more likely to get the~~
- 7     ~~care they need, especially essential preventive care that can~~
- 8     ~~prevent avoidable conditions and expensive emergency room~~
- 9     ~~visits.~~
- 10    ~~(2) Children with health insurance are healthier and perform~~
- 11    ~~better in school. California's investment in children's health~~
- 12    ~~insurance has paid off. For example, children enrolled in the~~
- 13    ~~Healthy Families Program have shown a 25 percent~~
- 14    ~~improvement in health and 68 percent improvement in their~~
- 15    ~~ability to "pay attention" and to "keep up with school~~
- 16    ~~activities."~~

1     ***(b) California's investment in state health insurance for***  
2     ***children has significantly reduced the number of children who***  
3     ***have no health insurance.***

4     ***(c) With about 800,000 uninsured children in California, the***  
5     ***goal of extending coverage to all children in the state is within***  
6     ***reach, especially since a majority (55 percent) of them already***  
7     ***qualify for state health insurance through Medi-Cal or the***  
8     ***Healthy Families Program.***

9     ***(d) California can no longer afford to waste precious***  
10    ***resources by dropping children from coverage unnecessarily due***  
11    ***to bureaucratic red tape, only to reenroll them at a later date. If***  
12    ***this phenomenon of children losing coverage temporarily were***  
13    ***addressed, the number of uninsured low-income children***  
14    ***nationally would be reduced by 40 percent.***

15    ***(e) Appropriate technology solutions can help improve***  
16    ***program administration and efficiency while reducing barriers to***  
17    ***coverage for children, making it easier for children to get and***  
18    ***keep the health coverage they need.***

19    ***(f) With existing enrollment successes like local Children's***  
20    ***Health Initiatives innovations, express lane eligibility through***  
21    ***school lunch programs and Senate Bill 24's existing newborn***  
22    ***pathway at hospitals, any reforms designed to reach all children***  
23    ***must build and improve upon the Medi-Cal and Healthy Families***  
24    ***programs, local enrollment and retention innovations and***  
25    ***available technologies to enroll more children.***

26    ***(g) Across the state, over 27 local coalitions of local health***  
27    ***plans, community leaders, health providers, businesses, unions,***  
28    ***county agencies, First 5 Commissions, faith leaders, schools and***  
29    ***others are at work to expand access to health insurance for***  
30    ***children, resulting in exceptional models for what is needed***  
31    ***statewide.***

32    ***(h) The Legislature aims to ensure this simple goal on behalf***  
33    ***of California's children:***

34    ***Every child in California can get health insurance to grow up***  
35    ***healthy and strong.***

36    ***SEC. 2. Section 49557.2 of the Education Code is amended to***  
37    ***read:***

38    ***49557.2. (a) (1) At the option of the school district or county***  
39    ***superintendent, and to the extent necessary to implement Section***  
40    ***14005.41 of the Welfare and Institutions Code, the following***

1 information may be incorporated into the School Lunch Program  
2 application packet or notification of eligibility for the School  
3 Lunch Program using simple and culturally appropriate language:

4 (A) A notification that if a child qualifies for free school  
5 lunches, then the child may qualify for free or reduced-cost  
6 health coverage.

7 (B) A request for the applicant's consent for the child to  
8 participate in the Medi-Cal program, if eligible for free school  
9 lunches, and to have the information on the school lunch  
10 application shared with the entity designated by the State  
11 Department of Health Services to make an accelerated  
12 determination and the local agency that determines eligibility  
13 under the Medi-Cal program.

14 (C) A notification that the school district will not forward the  
15 school lunch application to the entity designated by the State  
16 Department of Health Services to make an accelerated  
17 determination and the local agency that determines eligibility  
18 under the Medi-Cal program, without the consent of the child's  
19 parent or guardian.

20 (D) A notification that the school lunch application is  
21 confidential and, with the exception of forwarding the  
22 information for use in health program enrollment upon the  
23 consent of the child's parent or guardian, the school district will  
24 not share the information with any other governmental agency,  
25 including the federal Department of Homeland Security and the  
26 Social Security Administration.

27 (E) A notification that the school lunch application  
28 information will only be used by the entity designated by the  
29 State Department of Health Services to make an accelerated  
30 determination and the state and local agencies that administer the  
31 Medi-Cal program for purposes directly related to the  
32 administration of the program and will not be shared with other  
33 government agencies, including the Department of Homeland  
34 Security and the Social Security Administration for any purpose  
35 other than the administration of the Medi-Cal program.

36 (F) Information regarding the Medi-Cal program, including  
37 available services, program requirements, rights and  
38 responsibilities, and privacy and confidentiality requirements.

39 (2) The State Department of Education, in consultation with  
40 school districts, county superintendents of schools, consumer

1 advocates, counties, the State Department of Health Services, and  
2 other stakeholders, shall make recommendations regarding the  
3 School Lunch Program application, on or before February 1,  
4 2003. The recommendations shall include specific changes to the  
5 School Lunch Program application materials as necessary to  
6 implement Section 14005.41 of the Welfare and Institutions  
7 Code, information for staff as to how to implement the changes,  
8 and a description of the process by which information on the  
9 School Lunch Program application will be shared with the  
10 county, as the local agency that determines eligibility under the  
11 Medi-Cal program.

12 (3) At the option of the school, the request for consent in  
13 subparagraph (B) of paragraph (1) may be modified so that the  
14 parent or guardian can also consent to allowing Medi-Cal to  
15 inform the school as provided in subdivision (n) of Section  
16 14005.41 of the Welfare and Institutions Code when followup is  
17 needed in order to complete the Medi-Cal application process.

18 (b) (1) School districts and county superintendents of schools  
19 may implement a process to share information provided on the  
20 School Lunch Program application with the entity designated by  
21 the State Department of Health Services to make an accelerated  
22 determination and with the local agency that determines  
23 eligibility under the Medi-Cal program, and shall share this  
24 information with those entities, if the applicant consents to that  
25 sharing of information. Schools may designate, only as necessary  
26 to implement this section, non-food service staff to assist in the  
27 administration of free, reduced price, or paid school lunch  
28 applications that have applicant consent, but only if that  
29 designation does not displace or have an adverse effect on food  
30 service staff. This information may be shared electronically,  
31 physically, or through whatever method is determined  
32 appropriate.

33 (2) If a school is aware that a child, who has been found  
34 eligible for free school lunches under the National School Lunch  
35 Program, and for whom the parent or guardian has consented to  
36 share the information provided on the application, already has an  
37 active Medi-Cal or Healthy Families case, the application shall  
38 not be processed for an accelerated determination but shall be  
39 forwarded to the local agency that determines eligibility under  
40 the Medi-Cal program pursuant to Section 14005.41 of the

Welfare and Institutions Code. The school shall notify the parent or guardian of the child's ineligibility for accelerated Medi-Cal due to the current eligibility status and that the child's application will be forwarded to the county pursuant to this section. The notice shall include a statement, with contact information, advising the parent or guardian to contact the Medi-Cal or Healthy Families programs regarding the child's eligibility status.

(3) Each school district or county superintendent that chooses to share information pursuant to this subdivision shall enter into a memorandum of understanding with the local agency that determines eligibility under the Medi-Cal program, that sets forth the roles and responsibilities of each agency and the process to be used in sharing the information.

(4) The local agency that determines eligibility under the Medi-Cal program shall only use information provided by applicants on the school lunch application for purposes directly related to the administration of the Medi-Cal program.

(5) After school districts share information regarding the school lunch application with the entity designated by the State Department of Health Services to make an accelerated determination and the local agency that determines eligibility under the Medi-Cal program, for the purpose of determining Medi-Cal program eligibility, the local agency and the school district shall not share information about school lunch participation or the Medi-Cal program eligibility information with each other except as specifically authorized under subdivision (n) of Section 14005.41 of the Welfare and Institutions Code and other provisions of law.

(c) Effective July 1, 2005, the notifications and consent referenced in subdivision (a) and the procedures set out in subdivision (b) shall include the Healthy Families Program and any relevant county- and local-sponsored health insurance programs as necessary to implement Section 14005.41 of the Welfare and Institutions Code.

(d) If a school district finds that the child is eligible for reduced price or paid meals under the National School Lunch Program and consent was provided as described in subdivision (b), the entity designated by the State Department of Health Services to make an accelerated determination shall notify the

1 parent or guardian of the child's ineligibility for an accelerated  
2 Medi-Cal determination pursuant to Section 14005.41 of the  
3 Welfare and Institutions Code. The notification shall include  
4 information on other available health programs for which the  
5 child may be eligible.

6 *(e) The notifications and consent referenced in subdivision (a)*  
7 *and the procedures set out in this section shall be modified as*  
8 *necessary to implement subdivisions (o) and (p) of Section*  
9 *14005.41 of the Welfare and Institutions Code to allow children*  
10 *who meet the income eligibility requirements for participation in*  
11 *either the free or reduced price meal program to be processed*  
12 *for both an accelerated determination and ongoing medical*  
13 *assistance upon the consent and authorization of their parent or*  
14 *guardian.*

15 *SEC. 3. Section 123290 of the Health and Safety Code is*  
16 *amended to read:*

17 123290. The department, under any program established  
18 pursuant to this article, shall do all of the following:

19 (a) Establish guidelines to determine resource allocation  
20 giving consideration to an area's nutritional need.

21 (b) Designate the counties within which a program will be  
22 conducted, with the approval of those counties.

23 (c) Establish the minimum nutritional requirements for  
24 recipients.

25 (d) Designate specific supplemental foods to meet the  
26 minimum nutritional requirements for recipients.

27 (e) Develop and maintain a system for the delivery of  
28 supplemental foods to recipients through the distribution of  
29 supplemental foods designated in subdivision (d) and nutrition  
30 coupons when other methods of delivery are impractical.

31 (f) (1) Develop and coordinate a smoking cessation  
32 component of program operations, with consideration of local  
33 agency plans, needs, and available tobacco education resources.

34 (2) In consultation with the directors of local agencies and  
35 with other individuals with expertise in the field of smoking  
36 cessation, identify and promulgate a strategy for smoking  
37 cessation in the state plan of operation and administration of the  
38 WIC program, including, but not limited to all of the following:

39 (A) Designating an agency staff member to coordinate  
40 smoking cessation efforts.

1 (B) Providing training on smoking cessation and tobacco  
2 education to designated staff members of local agencies who are  
3 responsible for counseling participants in the program.

4 (3) Develop and implement procedures to ensure that tobacco  
5 use screening and education, including, but not limited to,  
6 smoking cessation counseling and referrals where appropriate,  
7 are offered to all participants.

8 (g) (1) Establish guidelines and criteria to be used by  
9 participating local agencies, when determining recipient  
10 eligibility, that require, in addition to a recipient being a  
11 low-income pregnant woman, or a low-income postpartum and  
12 lactating woman, or a low-income infant or child under five years  
13 of age, that the recipient be at nutritional risk.

14 (2) A health professional on the staff of the local agency shall  
15 determine if a person is at nutritional risk through a medical or  
16 nutritional assessment. This determination may be based on  
17 referral data submitted by a health professional not on the staff of  
18 the local agency. The person's height or length and weight shall  
19 be measured, and a hematological test for anemia, such as a  
20 hemoglobin or hematocrit test, shall be performed. However, the  
21 tests shall not be required for infants under six months of age. In  
22 addition, the blood test shall not be required for children who  
23 were determined to be within the normal range at their last  
24 program certification. However, the blood test shall be performed  
25 on the children at least once a year. A breastfeeding woman may  
26 be certified if the child she is breastfeeding is determined to be at  
27 nutritional risk and the woman meets the income eligibility  
28 criteria.

29 (h) Operate the program as an adjunct to existing health  
30 services: , *which shall include, but need not be limited to, all of*  
31 *the following:*

32 (1) *Assisting in efforts to develop an electronic application*  
33 *system to enable accelerated determinations for the California*  
34 *Healthy Kids Program, similar to the system developed pursuant*  
35 *to subdivision (b) of Section 14011.7 of the Welfare and*  
36 *Institutions Code relative to applications for the California WIC*  
37 *program.*

38 (2) *Establishing guidelines for information sharing under this*  
39 *subdivision that protect confidentiality and ensure that*

1 *information is shared solely for purposes of outreach and*  
2 *enrollment.*

3 *(3) Encouraging local agencies to participate in and utilize*  
4 *the electronic information system.*

5 *(i) Seek federal funds to carry out this article.*

6 *SEC. 4. Section 12693.22 is added to the Insurance Code, to*  
7 *read:*

8 *12693.22. Notwithstanding any other provision of law, the*  
9 *board may implement changes to the program enacted pursuant*  
10 *to the act that added this section during the 2005-06 Regular*  
11 *Session of the Legislature only to the extent that funds are*  
12 *appropriated for the purposes of that act in the annual Budget*  
13 *Act or in another statute.*

14 *SEC. 5. Section 12693.444 is added to the Insurance Code, to*  
15 *read:*

16 *12693.444. The board shall establish an additional tier for*  
17 *the family contribution amount required for children with family*  
18 *incomes between 250 and 300 percent of the federal poverty*  
19 *level.*

20 *SEC. 6. Section 12693.445 is added to the Insurance Code, to*  
21 *read:*

22 *12693.445. (a) An eligible child may be enrolled in the*  
23 *program prior to payment of the required family contribution.*  
24 *The board shall send a statement for the amount due after*  
25 *enrollment.*

26 *(b) Families shall have the option to pay for one year of*  
27 *Healthy Families premiums in advance in order to receive a*  
28 *discount of 25 percent for the total year premium amount.*

29 *(c) The board shall expand and extend the number of premium*  
30 *payment sites and shall consult with the California Healthy Kids*  
31 *Advisory Panel and local children's health initiatives and other*  
32 *stakeholders on suggested additional payment site locations.*

33 *SEC. 7. Section 12693.701 is added to the Insurance Code, to*  
34 *read:*

35 *12693.701. (a) Notwithstanding any other provision of law,*  
36 *upon proof of current enrollment in the California Special*  
37 *Supplemental Food Program for Women, Infants, and Children*  
38 *(WIC) as provided for in Article 2 (commencing with Section*  
39 *123275) of Chapter 1 of Part 2 of Division 106 of the Health and*  
40 *Safety Code, the National School Lunch Program (NSLP) as*

provided for pursuant to Chapter 13 (commencing with Section 1751) of Title 42 of the United States Code, the Food Stamp Program as provided for pursuant to Chapter 51 (commencing with Section 2011) of Title 7 of the United States Code, or any other children's programs that may be added in the future, as appropriate, at the recommendation of the California Healthy Kids Expert Panel and other stakeholders, the board shall use an income eligibility determination made by the appropriate program agency to establish that the applicant meets the income guidelines of the program and, irrespective of differences in financial eligibility standards and methodologies, shall rely on the poverty level finding of the other program agency. Nothing in this subdivision or in Chapter 17 (commencing with Section 12693.99) shall be construed to authorize denial of medical assistance to a child who, without the application of this subdivision or Chapter 17 (commencing with Section 12693.99), would qualify for such assistance or to relieve the program of the obligation to determine eligibility on any other grounds for a child found to be ineligible under this subdivision or Chapter 17 (commencing with Section 12693.99).

(b) The board shall seek approval of any amendments to the state plan necessary to implement this section, for purposes of funding under Title XXI of the Social Security Act (42 U.S.C. Sec. 1397aa et seq.). Notwithstanding any other law, this section shall be implemented only to the extent that federal financial participation is available and to the extent that federal financial participation supports coordination across the California Healthy Kids Program established pursuant to Chapter 17 (commencing with Section 12693.99).

SEC. 8. Section 12693.702 is added to the Insurance Code, to read:

12693.702. It is the intent of the Legislature to enact legislation to provide affordable options for purchase of health care coverage to uninsured children with family incomes in excess of 300 percent of the federal poverty level. These options would include the opportunity to purchase coverage from the commercial health insurance options available in their area, and from the Healthy Families plans available pursuant to this part, except that the Healthy Families Plans would be available for purchase at full premium cost.

1     *SEC. 9. Section 12693.703 is added to the Insurance Code, to*  
2     *read:*

3     *12693.703. Notwithstanding paragraph (6) of subdivision (a)*  
4     *of Section 12693.70, a child shall be an eligible child for*  
5     *purposes of Section 12693.70 if he or she meets the other*  
6     *requirements of Section 12693.70 and is in a family with an*  
7     *annual or monthly household income equal to or less than 300*  
8     *percent of the federal poverty level.*

9     *SEC. 10. Section 12693.98 of the Insurance Code is amended*  
10    *to read:*

11    12693.98. (a) (1) The Medi-Cal-to-Healthy Families  
12    Seamless Bridge Benefits Program is hereby established to  
13    provide any child who meets the criteria set forth in subdivision  
14    (b) with a ~~one calendar month~~ period of health care benefits in  
15    order to provide ~~the child with an opportunity to apply time~~ for  
16    an eligibility determination to be made for the Healthy Families  
17    Program ~~established under Chapter 16 (commencing with~~  
18    ~~Section 12693).~~

19    (2) The Medi-Cal-to-Healthy Families Bridge Benefits  
20    Program shall be administered by the board.

21    (b) (1) Any child who meets all of the following requirements  
22    shall be eligible for ~~one calendar month of Healthy Families~~  
23    ~~benefits funded by Title XXI of the Social Security Act, known~~  
24    ~~as the State Children's Health Insurance Program health benefits~~  
25    ~~under the Healthy Family Program:~~

26    (A) He or she has been receiving, but is no longer eligible for,  
27    full-scope Medi-Cal benefits without a share of cost.

28    (B) He or she is eligible for full-scope Medi-Cal benefits with  
29    a share of cost.

30    (C) He or she is under 19 years of age at the time he or she is  
31    no longer eligible for full-scope Medi-Cal benefits without a  
32    share of cost.

33    (D) He or she has family income at or below ~~200~~ 300 percent  
34    of the federal poverty level.

35    (E) He or she is not otherwise excluded under the definition of  
36    targeted low-income child under subsections (b)(1)(B)(ii),  
37    (b)(1)(C), and (b)(2) of Section 2110 of the Social Security Act  
38    (42 U.S.C. Secs. 1397jj(b)(1)(B)(ii), 1397jj(b)(1)(C), and  
39    1397jj(b)(2)).

(2) ~~The one calendar month of~~ benefits under this chapter shall begin on the first day of the month following the last day of the receipt of benefits without a share of cost.

(c) The income methodology for determining a child's family income, as required by paragraph (1) of subdivision (b) shall be the same methodology used in determining a child's eligibility for the full scope of Medi-Cal benefits.

(d) ~~The one calendar month period~~ *scope* of Healthy Families benefits provided under this chapter shall be identical to the scope of benefits that the child was receiving under the Medi-Cal program without a share of cost.

(e) ~~The one calendar month period of~~ Healthy Families benefits provided under this chapter shall only be made available through a Medi-Cal provider or under a Medi-Cal managed care arrangement or contract.

(f) ~~Except as provided in subdivision (j), nothing in this section shall be construed to provide Healthy Families benefits for more than a one calendar month period under any circumstances, including the failure to apply for benefits under the Healthy Families Program or the failure to be made aware of the availability of the Healthy Families Program, unless the circumstances described in subdivision (b) reoccur.~~

(g) ~~(1) This section shall become operative on the first day of the second month following the effective date of this section, subject to paragraph (2).~~

~~(2) Under no circumstances shall this section become operative until, and shall be implemented only to the extent that, all necessary federal approvals, including approval of any amendments to the State Child Health Plan have been sought and obtained and federal financial participation under the federal State Children's Health Insurance Program, as set forth in Title XXI of the Social Security Act, has been approved.~~

~~(h) This section shall become inoperative if an unappealable court decision or judgment determines that any *either* of the following apply:~~

~~(1) The provisions of this section are unconstitutional under the United States Constitution or the California Constitution.~~

~~(2) The provisions of this section do not comply with the State Children's Health Insurance Program, as set forth in Title XXI of the Social Security Act.~~

~~(3) The provisions of this section require that the health care benefits provided pursuant to this section are required to be furnished for more than two calendar months.~~

~~(i)~~

(g) If the State Child Health Insurance Program waiver described in Section 12693.755 is approved, and at the time the waiver is implemented, the benefits described in this section shall also be available to persons who meet the eligibility requirements of the program and are parents of, or, as defined by the board, adults responsible for, children enrolled to receive coverage under this part or enrolled to receive full scope Medi-Cal services with no share of cost.

~~(j) The one month of benefits provided in this section shall be increased to two months commencing on implementation of the waiver referred to in Section 12693.755.~~

SEC. 11. Section 12693.981 of the Insurance Code is amended to read:

12693.981. (a) (1) The Healthy Families-to-Medi-Cal Seamless Bridge Benefits Program is hereby established to provide any person enrolled for coverage under this part who meets the criteria set forth in subdivision (b) with a ~~two~~ *calendar-month* period of health care benefits in order to provide ~~the person with an opportunity to apply time for a~~ *Medi-Cal eligibility determination to be made.*

(2) The Healthy Families-to-Medi-Cal Seamless Bridge Benefits Program shall be administered by the board.

(b) (1) Any person who meets all of the following requirements shall be eligible for ~~two additional calendar months of Healthy Families Medi-Cal~~ *benefits:*

(A) He or she has been receiving, but is no longer eligible for, benefits under the ~~program~~ *Healthy Families Program.*

(B) He or she appears to be income eligible for full-scope Medi-Cal benefits without a share of cost.

(2) ~~The two additional calendar months of~~ *benefits under this chapter shall begin on the first day of the month following the last day of the person's eligibility for benefits under the program* *Healthy Families Program.*

(c) ~~The two-calendar-month period of Healthy Families scope of Medi-Cal~~ *benefits provided under this chapter shall be*

identical to the scope of benefits that the person was receiving under the ~~program~~ *Healthy Families Program*.

~~(d) Nothing in this section shall be construed to provide Healthy Families benefits for more than a two calendar-month period under any circumstances, including the failure to apply for benefits under the Medi-Cal program or the failure to be made aware of the availability of the Medi-Cal program unless the circumstances described in subdivision (b) reoccur. The board shall not require the payment of premiums by persons receiving bridge benefits under this section.~~

(e) This section shall become inoperative if an unappealable court decision or judgment determines that ~~any~~ *either* of the following apply:

(1) The provisions of this section are unconstitutional under the United States Constitution or the California Constitution.

(2) The provisions of this section do not comply with the State Children's Health Insurance Program, as set forth in Title XXI of the federal Social Security Act.

~~(3) The provisions of this section require that the health care benefits provided pursuant to this section are required to be furnished for more than two calendar months.~~

SEC. 12. Section 12693.983 is added to the Insurance Code, to read:

12693.983. The board shall adopt regulations to implement the Medi-Cal to Healthy Families Accelerated Enrollment program established under Section 14011.65 of the Welfare and Institutions Code. If the board determines that one or more amendments to the State Child Health Plan are necessary to ensure full federal financial participation in the provisions of the program, the board shall prepare and submit requests for the plan amendments to the federal government.

SEC. 13. Chapter 17 (commencing with Section 12693.99) is added to Part 6.5 of Division 3 of the Insurance Code, to read:

#### CHAPTER 17. CALIFORNIA HEALTHY KIDS PROGRAM

12693.99. (a) The California Healthy Kids Program is hereby created. The Managed Risk Medical Insurance Board and the State Department of Health Services shall jointly administer the California Healthy Kids Program, which shall consist of the

1 *Healthy Families Program and the portion of the Medi-Cal*  
2 *program that provides health care coverage to children.*

3 *(b) The administering agencies shall operate the California*  
4 *Healthy Kids Program in a coordinated and seamless manner*  
5 *with respect to the persons intended to be covered. Both*  
6 *administering agencies shall coordinate enrollment, renewal,*  
7 *eligibility, and outreach, and shall assign clear lines of*  
8 *responsibility for all associated agency activities with*  
9 *enforceable accountability. A child enrolled in either the Healthy*  
10 *Families Program or the Medi-Cal program shall be deemed to*  
11 *be enrolled in the California Healthy Kids Program. It is the*  
12 *intent of the Legislature that from the child's perspective there*  
13 *shall only be a single program, even if the details are handled by*  
14 *two programs, agencies, and funding sources.*

15 *(c) As used in this chapter, "California Healthy Kids*  
16 *Program" shall be deemed to refer jointly to the Healthy*  
17 *Families Program and the portion of the Medi-Cal program that*  
18 *provides health care coverage to children 18 years of age or*  
19 *younger, and "administering agencies" shall be deemed to refer*  
20 *to the board or department, as applicable. Implementation of*  
21 *duties and responsibilities of the California Healthy Kids*  
22 *Program shall be the responsibility of the board, to the extent*  
23 *that the duties and responsibilities relate to the Healthy Families*  
24 *Program, or the State Department of Health Services, to the*  
25 *extent that the duties and responsibilities relate to the Medi-Cal*  
26 *program. Implementation of duties and responsibilities that*  
27 *require the participation of both agencies shall be done jointly,*  
28 *as coordinated between them by agreement.*

29 *12693.9901. (a) The California Healthy Kids Expert Panel is*  
30 *hereby established to guide the board and the State Department*  
31 *of Health Services in the design and implementation of the*  
32 *California Healthy Kids Program and to identify issues and*  
33 *solutions to ensure efficient and effective ongoing operations,*  
34 *particularly relating to the coordination among Medi-Cal and*  
35 *Healthy Families and local outreach and enrollment partners.*

36 *(b) The California Healthy Kids Expert Panel shall advise the*  
37 *board and the State Department of Health Services on the*  
38 *California Healthy Kids Program. The panel shall have broad*  
39 *representation from health care providers, health plans,*  
40 *consumer advocates, local children's health initiatives, school*

1 and business communities, county agencies, and other  
2 stakeholders. The board and the department shall meet together  
3 and with the panel regularly, holding sessions in public twice a  
4 year to report on the state of the California Healthy Kids  
5 Program, to discuss operational issues, and to accept public  
6 comments.

7 12693.9903. It is the intent of the Legislature to enact  
8 legislation that will authorize applications received by the School  
9 Lunch Program pursuant to Section 49557.2 of the Education  
10 Code and by the California Special Supplemental Food Program  
11 for Women, Infants, and Children (WIC) pursuant to Section  
12 123290 of the Health and Safety Code, with the consent of the  
13 applicant, to serve as applications for coverage under the  
14 California Healthy Kids Program.

15 12693.9904. It is the intent of the Legislature to enact  
16 legislation to authorize the California Healthy Kids Program to  
17 accept proof of enrollment in any of the following programs as  
18 adequate income documentation for eligibility for the California  
19 Healthy Kids Program:

20 (a) The California Special Supplemental Food Program for  
21 Women, Infants, and Children (WIC), pursuant to Article 2  
22 (commencing with Section 123275) of Chapter 1 of Part 2 of  
23 Division 106 of the Health and Safety Code.

24 (b) The School Lunch Program, pursuant to Section 49557.2  
25 of the Education Code.

26 (c) The Food Stamps Program, pursuant to Section 18925 of  
27 the Welfare and Institutions Code.

28 12693.9905. It is the intent of the Legislature to enact  
29 legislation to authorize the Healthy Kids Program to establish a  
30 person's eligibility for the program by accepting another state's  
31 income determination relative to that person for medical  
32 assistance programs in that state, and to accept that state's  
33 determination of that person's income level (percentage of  
34 federal poverty level) in order to determine associated matters  
35 such as cost sharing and federal match.

36 12693.9906. Persons applying for coverage under the  
37 California Healthy Kids Program may self-certify their family  
38 income and other eligibility factors to the extent permitted under  
39 federal law.

1     12693.9907. *In determining eligibility for coverage under the*  
2 *California Healthy Kids Program, the administering agency*  
3 *shall request documentation and verify information provided*  
4 *only to the extent necessary to determine eligibility and only to*  
5 *the extent required by federal law.*

6     12693.9908. (a) *From funds available for that purpose, the*  
7 *administering agencies shall award local enrollment investment*  
8 *grants for local and regional children's health initiative*  
9 *activities and other local and regional activities intended to*  
10 *enroll children in, and retain enrollment of children in, all*  
11 *children's health insurance programs and to otherwise assist*  
12 *children in accessing health care. Grants shall be made*  
13 *available to existing countywide or regional children's health*  
14 *initiative coalitions or to new countywide or regional children's*  
15 *health initiative coalitions formed by or in conjunction with*  
16 *counties and shall include various local organizations and*  
17 *agencies, such as First 5 Commissions, health plans and county*  
18 *organized health systems, schools, child care providers,*  
19 *community-based and faith-based organizations, clinics, health*  
20 *care providers, local unions, local businesses, and county social*  
21 *service and health agencies. Local and regional*  
22 *community-based organizations shall also be eligible for these*  
23 *grants, particularly in regions where comprehensive coalitions*  
24 *are not established. Supplemental grant amounts shall be*  
25 *available for countywide coalitions or regions that contribute*  
26 *local funding for enrollment, retention, and access strategies*  
27 *through the coalition.*

28     (b) *The Californians Healthy Kids Expert Panel shall develop*  
29 *recommendations to the California Healthy Kids Program for the*  
30 *specific objectives, criteria, and structure of the local enrollment*  
31 *investment grants, with the principal goals of promoting local*  
32 *innovations and strategies for increasing children's health*  
33 *insurance enrollment and retention and health care access. The*  
34 *governing agencies of California Healthy Kids Program shall*  
35 *implement these recommendations and consult with the expert*  
36 *panel on the ongoing operation of these grants.*

37     (c) *Each local children's health initiative coalition or*  
38 *organization awarded a grant shall submit a plan every other*  
39 *year to the board of its proposed strategies to promote outreach,*  
40 *enrollment, retention in health insurance, and access to health*

1 care. These activities may include, but are not limited to, the  
2 following: one application technology, application assistance  
3 training and certification, a system for administering enrollment  
4 fees to application assistants, grants to community-based  
5 organizations for enrollment and retention assistance,  
6 application assistance at schools, implementing “express lane”  
7 strategies through school lunch, food stamps, WIC, and other  
8 programs, health care access education, coordinated retention  
9 strategies, “no wrong door” strategies, and improvement to data  
10 collection and reporting systems.

11 (d) Local children’s health initiative coalitions shall submit a  
12 plan for an interim evaluation after one year and conduct a full  
13 evaluation after two years. The evaluation shall include outcome  
14 measures such as the number of children enrolled in health  
15 insurance, the percentage of children retained after one year, if  
16 available, the number of children receiving assistance who were  
17 denied coverage and the reasons why, and documented  
18 performance improvements in the number of children accessing  
19 and remaining in health care coverage. The evaluation should  
20 document problems children face in enrolling, staying enrolled,  
21 or accessing care, with recommendations for improving the  
22 California Healthy Kids Program.

23 12693.9909. (a) The California Healthy Kids Program shall  
24 enable local children’s health initiatives to create their own  
25 premium hardship funds or sponsorship programs to help  
26 children in their region to pay required premiums for enrollment  
27 in the California Healthy Kids Program.

28 (b) The California Healthy Kids Program shall enable  
29 counties and regions of multiple counties to have the option to  
30 buy or partially subsidize Healthy Families coverage for children  
31 with family incomes above 300 percent of the federal poverty  
32 level and to seek federal financial participation, to the extent  
33 available.

34 12693.9910. The California Healthy Kids Program shall  
35 consider local children’s health initiative demonstration projects  
36 to test new innovations in enrollment technology, integrated  
37 insurance programs, enrollment and retention processes and  
38 strategies, and voluntary employer coverage participation  
39 strategies.

1 12693.9911. *The California Healthy Kids Program, in*  
2 *conjunction with local children's health initiatives, shall develop*  
3 *strategies for partnerships between the program and the local*  
4 *children's health initiatives to help children retain their*  
5 *California Healthy Kids Program health care coverage and to*  
6 *notification by the program of local children's health initiatives*  
7 *with respect to children in their area who are at risk of losing*  
8 *coverage.*

9 12693.9912. (a) *The California Healthy Kids Program, in*  
10 *consultation with the California Healthy Kids Expert Panel, shall*  
11 *modify the Healthy Families and Medi-Cal children's forms and*  
12 *processes as necessary to seek family consent to transfer*  
13 *information among the Medi-Cal and Healthy Families*  
14 *programs.*

15 (b) *The California Healthy Kids Program shall establish, in*  
16 *consultation with the California for Healthy Kids Expert Panel*  
17 *and other stakeholders, simplified annual renewal forms for*  
18 *children enrolled in the Healthy Families Program and for*  
19 *children and their families enrolled in the Medi-Cal program,*  
20 *including forms prepopulated with the child's eligibility*  
21 *information and a simple check off list for families to identify*  
22 *whether each eligibility information item remains correct. The*  
23 *renewal form shall request families to provide and certify with*  
24 *their signature any changes to the prepopulated eligibility*  
25 *information form. The California Healthy Kids Program shall*  
26 *establish a process to allow families to renew their child's*  
27 *coverage by telephone.*

28 (c) *The California Healthy Kids Program shall, in*  
29 *consultation with the California Healthy Kids Expert Panel,*  
30 *develop strategies to notify families of their child's renewal date*  
31 *including notifications on regular communications such as*  
32 *premium payment statements or on insurance cards.*

33 (d) *The California Healthy Kids Program shall educate*  
34 *families about the opportunity to transfer to lower-premium*  
35 *levels or to no-cost Medi-Cal if the child's income eligibility*  
36 *changes, and implement provisions of existing law that provide*  
37 *that a child should be enrolled in the most beneficial program for*  
38 *which the child is eligible. The California Healthy Kids Program*  
39 *shall use the seamless bridge coverage programs in Sections*  
40 *12693.98 and 12693.981 to transfer children who identify*

1 *themselves as being eligible for another health insurance*  
 2 *category, such as a lower-premium tier under Healthy Families*  
 3 *or no-cost Medi-Cal, into another insurance program. Lower*  
 4 *premiums or no premium eligibility tiers shall begin at the point*  
 5 *the child requests the determination.*

6 *(e) The California Healthy Kids Program shall offer an online*  
 7 *Medi-Cal health plan/health care arrangement selection system*  
 8 *coordinated with Healthy Families health plan selection system,*  
 9 *in consultation with the California Healthy Kids Expert Panel,*  
 10 *counties, consumer advocates, and other stakeholders. The*  
 11 *program shall develop and implement a coordinated listing of*  
 12 *Medi-Cal program health plans, county organized health*  
 13 *systems, fee for service arrangements for children, and Healthy*  
 14 *Families Program health plans. This coordinated listing shall*  
 15 *include provider networks and a provider locator system to*  
 16 *identify for families under each program which plans include*  
 17 *their current or preferred providers. The coordinated listing*  
 18 *shall be updated regularly and shall be available through the*  
 19 *California Healthy Kids Program Web site and Healthy Families*  
 20 *Program online provider locator.*

21 *12693.9913. It is the intent of the Legislature to enact*  
 22 *legislation to authorize the California Healthy Kids Program to*  
 23 *develop health care coverage options for persons of the ages of*  
 24 *19 and 20 who are ineligible for the Healthy Families or*  
 25 *Medi-Cal programs. These coverage options may include*  
 26 *statewide or local demonstration programs, and may consist of*  
 27 *an option for the person (or a parent on the person's behalf) to*  
 28 *purchase California Healthy Kids coverage at full premium cost,*  
 29 *or an option for the person to maintain coverage through*  
 30 *continuation coverage when coverage would otherwise terminate*  
 31 *due to the person's age.*

32 *12693.9914. All children who reside in this state, who intend*  
 33 *to continue to reside in this state, and who meet the age, income,*  
 34 *and other categorical eligibility requirements of either the*  
 35 *Healthy Families or Medi-Cal program shall be eligible for*  
 36 *coverage under the California Healthy Kids Program, including*  
 37 *those children for whom federal financial participation is not*  
 38 *available under Title XXI of the Social Security Act (42 U.S.C.*  
 39 *Sec. 1396 et seq.) or under Title XIX of the Social Security Act*  
 40 *(42. U.S.C. Sec. 1397aa et seq.) for full scope coverage.*

1 12693.9915. *During the startup phase of the California*  
2 *Healthy Kids Program and until that program is fully*  
3 *implemented, local children's health insurance efforts will need*  
4 *support to continue to grow and thrive. During the transition*  
5 *period, existing local children's health insurance programs can*  
6 *qualify as pilot programs with shared local and state financing.*  
7 *In addition, during the transition period, local children's health*  
8 *initiatives without a local health insurance program can buy into*  
9 *Healthy Families or Medi-Cal coverage and shall be allowed to*  
10 *qualify as pilot programs with shared local and state financing*  
11 *and, where available, federal funds. Once the California Healthy*  
12 *Kids Program is operational, there shall be provided a period of*  
13 *time during which those local programs may transition from*  
14 *their current arrangements to the policy and financing of the*  
15 *statewide program.*

16 12693.9916. *The Secretary of the Health and Human Services*  
17 *Agency shall coordinate local children's health insurance*  
18 *programs with state and federally funded programs, such as*  
19 *emergency Medi-Cal and the Child Health Disability and*  
20 *Prevention Program, so that local funds do not replace, but*  
21 *instead augment, existing state and federally funded programs*  
22 *and services.*

23 12693.9917. *It is the intent of the Legislature to develop*  
24 *strategies to promote and support voluntary employer*  
25 *participation in children's health care coverage, relative to*  
26 *children of employees. These employer participation options*  
27 *shall be designed to offer health insurance to children through*  
28 *arrangements that are affordable and efficient for employers and*  
29 *families. Particular attention shall be paid to how new*  
30 *opportunities for employer participation would interact with*  
31 *current practices and patterns in employer sponsored dependent*  
32 *coverage.*

33 12693.9918. (a) *It is the intent of the Legislature to*  
34 *implement the California Healthy Kids Program over several*  
35 *years to provide adequate time to develop the statewide policies*  
36 *and infrastructure, to transition effectively from local children's*  
37 *health insurance efforts to a statewide program, and to phase in*  
38 *implementation consistent with available resources.*

39 (b) *It is the intent of the Legislature that in the first two years*  
40 *of implementation, the California Healthy Kids Advisory Panel*

1 will be established, program policies and systems will be  
2 developed and implemented, and pilot programs will begin,  
3 subject to available resources.

4 (c) It is the intent of the Legislature that in the third year of  
5 implementation, all enrollment innovations and changes should  
6 be operational and California Healthy Kids Program enrollment  
7 will be open for newly eligible children. Newly eligible children  
8 may be phased in according to age consistent with available  
9 resources.

10 (d) It is the intent of the Legislature that financing for the  
11 California Healthy Kids Program will be derived from any of the  
12 following sources:

13 (1) Currently available federal matching funds for children  
14 eligible for but not enrolled in the Medi-Cal and Healthy  
15 Families programs.

16 (2) Available federal matching dollars for children with a  
17 family income of more than 250 percent of the federal poverty  
18 level.

19 (3) Family contributions toward premiums.

20 (4) Contributions from employers who chose to participate in  
21 the California Healthy Kids Program.

22 (5) During the transition period while the California Healthy  
23 Kids Program is being developed and implemented, funds from  
24 local children's health initiatives with pilot projects to operate  
25 local children's health insurance programs or to buy into the  
26 Medi-Cal or Healthy Families programs.

27 (e) The state already provides some coverage and pays for  
28 services for uninsured children through, for example, the Child  
29 Health and Disability Prevention (CHDP) Program, the CHDP  
30 Gateway Program, emergency Medi-Cal coverage, and no  
31 share-of-cost Medi-Cal coverage. It is the intent of the  
32 Legislature that these programs be maintained under California  
33 Healthy Kids Program as safety net financing. For the purposes  
34 of financing the California Healthy Kids Program, the costs  
35 attributable to California Healthy Kids Program coverage are  
36 those additional costs beyond the funding for these existing  
37 programs.

38 12693.9919. Notwithstanding any other provision of law, this  
39 chapter may only be implemented to the extent that funds are

1 *appropriated for purposes of the chapter in the annual Budget*  
2 *Act or in another statute.*

3 *SEC. 14. Section 14005.23 of the Welfare and Institutions*  
4 *Code is amended to read:*

5 14005.23. (a) To the extent federal financial participation is  
6 available, the department shall, when determining eligibility for  
7 children under Section 1396a(l)(1)(D) of Title 42 of the United  
8 States Code, designate a birth date by which all children who  
9 have not attained the age of 19 years will meet the age  
10 requirement of Section 1396a(l)(1)(D) of Title 42 of the United  
11 States Code.

12 (b) *Commencing July 1, 2006, to the extent federal financial*  
13 *participation is available, the department shall apply the more*  
14 *liberal income deduction described in Section 1396a(r) of Title*  
15 *42 of the United States Code when determining eligibility for the*  
16 *children identified in subdivision (a). The amount of this*  
17 *deduction shall be the difference between 133 percent and 100*  
18 *percent of the federal poverty level applicable to the size of the*  
19 *family.*

20 *SEC. 15. Section 14005.41 of the Welfare and Institutions*  
21 *Code is amended to read:*

22 14005.41. (a) Notwithstanding any other provision of law,  
23 the department shall deem to have met the income documentation  
24 requirements for participation in the Medi-Cal program, without  
25 a share of cost, any child who is less than six years of age and  
26 who has been determined to be eligible for free meals through a  
27 federally funded program using the National School Lunch  
28 Program application provided for pursuant to Chapter 13  
29 (commencing with Section 1751) of Title 42 of the United States  
30 Code.

31 (b) Notwithstanding any other provision of law, with regard to  
32 any child who is enrolled in and attending public school in the  
33 State of California, the department shall accept documentation of  
34 enrollment for free meals under the National School Lunch  
35 Program as sufficient documentation of California residency for  
36 that child for the purposes of the Medi-Cal program.

37 (c) (1) (A) Notwithstanding any other provision of law, each  
38 county shall participate in a statewide pilot project to determine  
39 Medi-Cal program eligibility for any child under six years of age  
40 and currently enrolled in school in the State of California who is

1 eligible for free meals under the National School Lunch Program  
2 upon receipt of proof of participation in the National School  
3 Lunch Program and a signed Medi-Cal application, which may  
4 be the supplemented application, described in subdivision (i).  
5 Counties shall notify the parent or guardian of the results of the  
6 eligibility determination.

7 (B) Notwithstanding any other provision of law, each county  
8 shall participate in a statewide pilot project to use the procedure  
9 described in this subdivision to determine Medi-Cal eligibility  
10 without a share of cost, and, if eligible, shall enroll in the  
11 Medi-Cal program, any child six years of age or older currently  
12 enrolled in school in the State of California who is eligible for  
13 free meals under the National School Lunch Program, upon  
14 receipt of proof of participation in the National School Lunch  
15 Program and a signed Medi-Cal application, which may be the  
16 supplemented application, described in subdivision (i). If the  
17 county determines from the supplemented application described  
18 in subdivision (i) that the child meets the eligibility requirements  
19 for participation in the Medi-Cal program, the county shall notify  
20 the parent or guardian that the child has been found eligible for  
21 the Medi-Cal program. If the county is unable to determine from  
22 the information on the application as described in subdivision (i)  
23 whether the child is eligible, the county shall contact the family  
24 to seek any additional information regarding income, household  
25 composition, or deductions that the department, in consultation  
26 with the county welfare departments, may determine to be  
27 necessary to complete the Medi-Cal application. If the county  
28 determines that the child does not meet the income eligibility  
29 requirements for participation in the full-scope no-cost Medi-Cal  
30 program, the county shall notify the parent or guardian of the  
31 determination and shall forward the school lunch application and  
32 any supplemental forms as described in subdivision (i) to the  
33 Healthy Families Program. If an applicant is determined to be  
34 ineligible for the full-scope no-cost Medi-Cal program and for  
35 the Healthy Families Program, the school lunch application and  
36 any supplemental forms as described in subdivision (i) shall be  
37 forwarded to a county- or local-sponsored health insurance  
38 program, as applicable, if the parent or guardian has provided  
39 consent. For purposes of this section, a county- or  
40 local-sponsored health insurance program includes a county

1 agency, a local initiative, a county-organized health system, or  
2 other local entity that provides health care coverage to children  
3 who do not qualify for the full-scope no-cost Medi-Cal program  
4 or for the Healthy Families Program.

5 (2) Each county shall ask the parent or guardian of each child  
6 identified in subparagraph (A) of paragraph (1) and the parent or  
7 guardian of each child whom the county determines to meet the  
8 income eligibility requirements for participation in the Medi-Cal  
9 program under subparagraph (B) of paragraph (1) to provide  
10 additional documentation as required by current law necessary  
11 for retention of eligibility in the Medi-Cal program. If a parent or  
12 guardian does not provide the documentation required for  
13 retention of full-scope Medi-Cal program eligibility, the county  
14 shall continue the child's enrollment in the Medi-Cal program,  
15 but only for the limited scope of Medi-Cal program benefits as  
16 described in Section 14007.5. If applicable, the county shall also  
17 forward the school lunch application and any supplemental forms  
18 as described in subdivision (i), for applicants who are determined  
19 to be ineligible for the full-scope no-cost Medi-Cal program and  
20 for the Healthy Families Program, to a county- or  
21 local-sponsored health insurance program if the parent or  
22 guardian has provided consent.

23 (d) Nothing in this section shall be construed as preventing the  
24 department from verifying eligibility through the Income  
25 Eligibility Verification System match mandated by Section 1137  
26 of the federal Social Security Act (42 U.S.C. Sec. 1320b-7) or  
27 from requesting additional information or documentation  
28 required by federal law.

29 (e) Each county shall include its cost of implementing this  
30 section in its annual Medi-Cal administrative budget requests  
31 submitted to the department.

32 (f) For purposes of this section, the Medi-Cal program  
33 application date shall be the date on which the school lunch  
34 application information is received by the local agency  
35 determining eligibility under the Medi-Cal program.

36 (g) (1) This section shall be implemented only if, and to the  
37 extent that, federal financial participation is available for the  
38 services provided and only for the period of time the free  
39 National School Lunch Program utilizes a gross income standard  
40 at or below 133 percent of the federal poverty level. This section

1 shall be implemented in a manner consistent with any federal  
2 approval.

3 (2) Notwithstanding paragraph (1), if the department  
4 determines that one or more state plan amendments are necessary  
5 to ensure full federal financial participation in the provisions of  
6 this section, the department shall prepare and submit requests for  
7 the state plan amendments to the federal government, after which  
8 this section shall not be implemented until the department  
9 receives approval of all necessary state plan amendments.

10 (h) (1) Notwithstanding subdivision (g), not later than March  
11 1, 2003, the department, in consultation with the State  
12 Department of Education and representatives of the school  
13 districts, county superintendents of schools, local agencies that  
14 administer the Medi-Cal program, consumer advocates, and other  
15 stakeholders, shall develop and distribute the policies and  
16 procedures, including any all-county letters, necessary to  
17 implement Section 49557.2 of the Education Code and this  
18 section.

19 (2) The policies and procedures required to be developed and  
20 distributed pursuant to subdivision (a) shall include, at a  
21 minimum, both of the following:

22 (A) Processes for the school districts, county superintendents  
23 of schools, and local agencies that administer the Medi-Cal  
24 program to use in forwarding and processing free school lunch  
25 application information pursuant to Section 49557.2 of the  
26 Education Code, and in following up with the applicants to  
27 obtain any necessary documentation required by federal law.

28 (B) Instructions for implementing the eligibility provisions of  
29 this chapter.

30 (3) The policies and procedures required to be developed  
31 pursuant to subdivision (a) shall specify all of the following:

32 (A) The information on the school lunch application may be  
33 used to initiate a Medi-Cal program application only when the  
34 applicant has provided his or her consent pursuant to Section  
35 49557.2 of the Education Code.

36 (B) The date of the Medi-Cal program application shall be the  
37 date on which the school lunch application was received by the  
38 local agency that determines eligibility under the Medi-Cal  
39 program.

1 (C) The county, in determining eligibility for the Medi-Cal  
2 program, shall request additional documentation only as required  
3 by federal law, and shall enroll any child whose parent or  
4 guardian does not provide the necessary documentation for  
5 full-scope benefits under the Medi-Cal program in the Medi-Cal  
6 program with limited scope benefits, as described in Section  
7 14007.5.

8 (i) To the extent federal financial participation is available,  
9 and to the extent administratively feasible, the department shall  
10 utilize the free National School Lunch Program application  
11 developed under Section 49557.2 of the Education Code, if  
12 supplemented as needed by simplified forms and disclosures,  
13 including Medi-Cal rights and responsibility notices and privacy  
14 notices, as a Medi-Cal application for children described in this  
15 section.

16 (j) Notwithstanding Chapter 3.5 (commencing with Section  
17 11340) of Part 1 of Division 3 of Title 2 of the Government  
18 Code, the department shall implement this section by means of  
19 all-county letters or similar instructions without taking regulatory  
20 action. Thereafter, the department shall adopt regulations in  
21 accordance with the requirements of Chapter 3.5 (commencing  
22 with Section 11340) of Part 1 of Division 3 of Title 2 of the  
23 Government Code.

24 (k) The department shall review the effectiveness of the  
25 statewide pilot project and make recommendations regarding  
26 appropriate ways to expand the use of the approaches contained  
27 in this section.

28 (l) In order to expedite health coverage for children who have  
29 been determined eligible for free meals under the National  
30 School Lunch Program, the department, at its discretion, may  
31 choose to implement this section in whole or in part by  
32 exercising the option described in Section 1396r-1a of Title 42 of  
33 the United States Code to allow information provided on the  
34 National School Lunch Program application referred to, and  
35 supplemented as described, in paragraph (1) of subdivision (a) of  
36 Section 49557.2 of the Education Code to serve as a basis for a  
37 preliminary eligibility determination by a qualified entity  
38 designated by the department.

39 (m) County- and local-sponsored health program agencies are  
40 authorized to use the supplemental application described in

subdivision (i) and received pursuant to subdivision (c) to make an eligibility determination for those respective programs, and shall request additional information only as needed to complete the eligibility process.

(n) A county may, at its option, and with the consent of the parent or guardian as provided in paragraph (3) of subdivision (a) of Section 49557.2 of the Education Code, notify the school of the names and contact information of children who are in jeopardy of losing accelerated Medi-Cal coverage because a child's parent or guardian has not provided required followup information to the county. This notice shall be limited to the names and contact information, and shall not specify what information is missing. This shall be done for the sole purpose of enabling the school, at its option, to conduct outreach activities to encourage or assist those parents or guardians to complete and submit the required followup information.

*(o) Effective July 1, 2006, any child currently enrolled in school who is eligible for reduced price meals under the National School Lunch Program shall be eligible for an accelerated determination for the California Healthy Kids Program and their school lunch application along with any supplemental forms and disclosures as described in subdivision (i) will be evaluated by the appropriate entity for ongoing medical assistance, upon the authorization of their parent or guardian, pursuant to this section and Section 49557.2 of the Education Code, and as otherwise provided by law.*

*(p) The procedures set out in this section shall be revised to allow an electronic application system similar to the one developed pursuant to subdivision (b) of Section 14011.7 to allow children to apply for the National School Lunch Program, an accelerated determination for the California Healthy Kids Program, and ongoing medical assistance. As part of this revision, the department, in consultation with the Managed Risk Medical Insurance Board, the California Healthy Kids Advisory Panel, and other stakeholders shall develop a means for using the electronic application to allow students at provisional schools to apply for medical assistance.*

*(q) Notwithstanding any other provision of law, to the degree federal financial participation is available, individuals who are eligible for the National School Lunch Program on the basis of*

1 *categorical eligibility shall not be required to submit any*  
2 *additional income information to establish income eligibility for*  
3 *an accelerated determination and ongoing medical assistance*  
4 *pursuant to this section. Ex parte procedures shall be used to*  
5 *make an eligibility determination, if necessary.*

6 *SEC. 16. Section 14005.71 is added to the Welfare and*  
7 *Institutions Code, to read:*

8 *14005.71. In determining eligibility for coverage under the*  
9 *Medi-Cal program for a medically needy family person, the*  
10 *department shall request documentation and verify information*  
11 *provided only to the extent necessary to determine eligibility and*  
12 *only to the extent required under federal law.*

13 *SEC. 17. Section 14011.65 is added to the Welfare and*  
14 *Institutions Code, to read:*

15 *14011.65. (a) The Medi-Cal to Healthy Families Accelerated*  
16 *Enrollment Program is hereby established to provide any child*  
17 *who meets the criteria set forth in subdivision (b) with temporary*  
18 *health benefits while his or her application is forwarded to the*  
19 *Healthy Families Program established under Part 6.2*  
20 *(commencing with Section 12693) of Division 2 of the Insurance*  
21 *Code.*

22 *(b) (1) Any child who meets all of the following requirements*  
23 *shall be eligible for temporary health benefits funded by Title*  
24 *XXI of the Social Security Act, known as the State Children's*  
25 *Health Insurance Program:*

26 *(A) The child, or his or her parent or guardian, either:*

27 *(i) Submits an application for the Medi-Cal Program directly*  
28 *to the county.*

29 *(ii) Has submitted an application for the Medi-Cal Program to*  
30 *single point of entry as defined in subdivision (e) of Section*  
31 *14011.6, and has been granted accelerated enrollment by the*  
32 *single point of entry pursuant to Section 14011.6.*

33 *(B) The child is not receiving Medi-Cal benefits at the time*  
34 *that the application is submitted, with the exception of*  
35 *accelerated enrollment provided pursuant to Section 14011.6.*

36 *(C) The child is eligible for full-scope Medi-Cal benefits with*  
37 *a share of cost.*

38 *(D) The child is under 19 years of age.*

39 *(E) The child has family income at or below 300 percent of the*  
40 *federal poverty level.*

1     (F) *The child, or his or her parent or guardian, gives or has*  
 2 *given consent for the application to be forwarded to the Healthy*  
 3 *Families Program.*

4     (2) *The temporary benefits provided under this section shall*  
 5 *be effective on the date that the county finds that the child meets*  
 6 *all of the criteria in paragraph (1) of subdivision (b).*

7     *The benefits shall terminate on the date that the child is*  
 8 *discontinued from the state Medical Eligibility Data System due*  
 9 *to his or her full enrollment in the Healthy Families Program or*  
 10 *ineligibility for the Healthy Families Program.*

11     (3) *The temporary health benefits provided under this section*  
 12 *shall be identical to the benefits provided to children who receive*  
 13 *full-scope Medi-Cal benefits without a share of cost and shall*  
 14 *only be made available through a Medi-Cal provider.*

15     (c) *The department, in consultation with the Managed Risk*  
 16 *Medical Insurance Board, as the governing agencies for the*  
 17 *California Healthy Kids, the California Healthy Kids Advisory*  
 18 *Panel and representatives of the local agencies that administer*  
 19 *the Medi-Cal program, consumer advocates, and other*  
 20 *stakeholders, shall develop and distribute the policies and*  
 21 *procedures, including any all-county letters, necessary to*  
 22 *implement this section.*

23     (d) *If the department determines that one or more state plan*  
 24 *amendments are necessary to ensure full federal financial*  
 25 *participation in the provisions of this section, the department*  
 26 *shall prepare and submit requests for the state plan amendments*  
 27 *to the federal government.*

28     (e) *Each county shall include its cost of implementing this*  
 29 *section in its annual Medi-Cal administrative budget request*  
 30 *submitted to the department.*

31     SEC. 18. *Section 18925 of the Welfare and Institutions Code*  
 32 *is amended to read:*

33     18925. (a) *The State Department of Health Services, in*  
 34 *conjunction with the State Department of Social Services, shall*  
 35 *implement a simplified eligibility process as part of the Food*  
 36 *Stamp Program to expedite Medi-Cal program and Healthy*  
 37 *Families Program enrollment for Food Stamp Program*  
 38 *recipients, including children and their eligible parents or*  
 39 *caretaker relatives who are not enrolled in those programs.*

1     (b) ~~Each county welfare department~~ *The State Department of*  
2     *Health Services* shall develop a data list of ~~family members~~  
3     ~~children and their parents~~ residing in eligible food stamp  
4     households who are not enrolled in the Medi-Cal program or the  
5     Healthy Families Program.

6     (c) ~~The county welfare department~~ *State Department of Health*  
7     *Services* shall develop a notice informing individuals identified  
8     pursuant to subdivision (b) that they may be entitled to receive  
9     benefits under the Medi-Cal program or the Healthy Families  
10    Program.

11    (d) At the time of the food stamp household's annual  
12    recertification, ~~the county welfare department~~ *State Department*  
13    *of Health Services* shall send the notice specified in subdivision  
14    (c) to the individuals identified in subdivision (b) *with a return*  
15    *envelope addressed to the applicable county welfare department.*  
16    The notice shall include a request for permission to use the  
17    information in the food stamp recipient's case file to make a  
18    determination of eligibility for the Medi-Cal program and the  
19    Healthy Families Program.

20    (e) The notice shall be written in culturally and linguistically  
21    appropriate language and at an appropriate literacy level. The  
22    notice shall include information on the Medi-Cal program and  
23    the Healthy Families Program, and a telephone number that food  
24    stamp recipients may call for additional information.

25    (f) To apply for medical assistance under the Medi-Cal  
26    program, the *parent or guardian of the* food stamp recipient shall  
27    sign, date, and return the notice requesting that an eligibility  
28    determination be made. Upon receipt of the notice, the county  
29    welfare department shall make an eligibility determination by  
30    utilizing the information in the food stamp recipient's case file or  
31    paper application. The Medi-Cal application date shall be the  
32    date the notice is received by the county welfare department. If  
33    the food stamp case file does not include sufficient information  
34    to establish Medi-Cal program eligibility, the county welfare  
35    department shall request, either orally or in writing, additional  
36    information from the food stamp recipient.

37    (g) If the food stamp recipient is determined to be eligible to  
38    participate in the Medi-Cal program with a share of cost, or is  
39    determined to be ineligible for Medi-Cal, information pertinent to  
40    the food stamp recipient's eligibility for the Healthy Families

Program shall be forwarded by the county welfare department to the Healthy Families Program statewide administrator for immediate processing. If there is insufficient information to establish Healthy Families Program eligibility, the administrator shall request, either orally or in writing, additional information from the food stamp recipient.

(h) Counties shall include the cost of implementing this section in their annual administrative budget requests to the State Department of Health Services.

(i) This section shall be implemented on or after July 1, 2003, but only to the extent federal financial participation is available.

(j) *The State Department of Health Services and the State Department of Social Services shall develop guidelines to identify the scope and allocation of responsibilities of state agencies and counties under this section. Counties shall be required to adopt procedures and make appropriate programming changes to their automated welfare systems to accommodate simplification and streamlining pursuant to this section. Counties shall further be required to place a high priority on designing and implementing the programming to their automated welfare systems necessary to perform an ex parte, automatic Medi-Cal renewal using food stamp data, when available, and to align Medi-Cal and food stamp renewal dates in all of the systems.*

*SEC. 19. Notwithstanding any other provision of law, the Managed Risk Medical Insurance Board may implement this act only to the extent that funds are appropriated for the purposes of the act in the annual Budget Act or in another statute.*

*SEC. 20. If the Commission on State Mandates determines that this act contains costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.*

~~(a) Investment in comprehensive health insurance for children is cost-effective, promoting access to early, less costly preventive care and treatment. Health insurance helps children reach their potential in school. Children with insurance experienced a 25 percent improvement in health, and a 68 percent improvement in paying attention in class and keeping up with school activities. Health insurance is also an important predictor of access to care.~~

~~(b) Although approximately nine out of every 10 California children have health insurance, according to 2003 data from the UCLA Center for Health Policy Research, nearly 800,000 children in this state are currently uninsured.~~

~~(e) The goal of insuring all children in California is achievable, and can be reached through modest steps. Employer-based insurance that now covers 50 percent of California's children, and public programs that now cover 30 percent, serve as strong building blocks on which to insure all children. In addition, local children's health initiatives across the state are showing the way. Local coalitions in 10 counties have implemented public and private initiatives to ensure affordable coverage for all children in their communities, and 17 other counties are in the planning stages.~~

~~SEC. 2. It is the intent of the Legislature to create the California for Healthy Kids Program, with the following goals:~~

~~(a) Create a strong private and public initiative in which all children living in California from birth to 21 years of age will have access to affordable health insurance coverage.~~

~~(b) Build upon what works in California's publicly funded state insurance programs and reform what does not, including modernizing and simplifying how children get enrolled and stay enrolled in coverage.~~

~~(c) Create a statewide insurance system that leverages the lessons and successes of local children's health initiatives.~~

~~(d) Promote voluntary opportunities to strengthen employer participation in covering dependents.~~

~~(e) Develop sustainable financing that supports the system over the long term, including maximizing federal funding.~~

~~(f) Promote opportunities for children to access services under their health insurance coverage.~~

~~(g) Ensure a strong safety net as a vital component of access to care.~~

~~(h) Do no harm as these reforms are put in place.~~